



WorkFirst Welfare Reform: A Success Story

"Let's not stop until every WorkFirst participant has a family wage job"

– Governor Gary Locke

October 6, 1999

WASHINGTON'S WELFARE REFORM PROGRAM, WorkFirst, is a success story that just gets better. The population of families on welfare has dropped to its lowest comparable percentage in thirty years. Since Governor Locke took office in January 1997, the caseload has fallen by nearly 40 percent, from 96,000 to 58,600.

More important, families aren't just getting off welfare; they're getting ahead. A recent study released by the Joint Legislative Audit and Review Committee determined that when it compared WorkFirst to the old AFDC-JOBS program, it turned out that WorkFirst:

- Increased employment by 56 percent.
- Increased average quarterly earnings by 48 percent.
- Increased the hours worked by 34 percent.
- *Decreased* the likelihood of people returning to welfare by 21 percent.

WorkFirst has also just won a national competition resulting in a \$10.6 million performance bonus for Washington State. Washington's WorkFirst program placed first in the nation in improving job placements and improving the success of people entering the workforce.

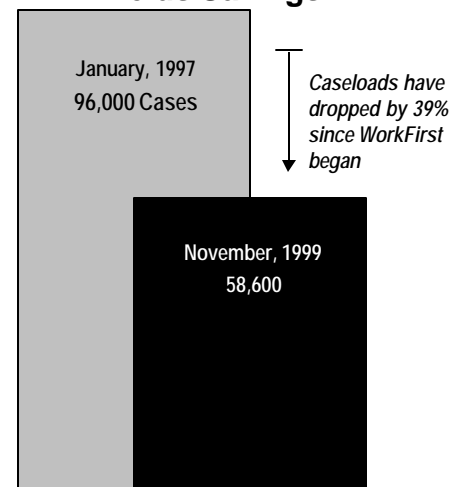
Reform Means Savings for Taxpayers

Lower caseloads also mean savings to taxpayers. In the current two-year budget, more than \$200 million of state welfare savings funds are redirected to support public elementary and high schools throughout the state.

Because of Workfirst's success, the state is meeting all federal requirements and now can reduce its required contribution of welfare costs from 80 percent to 75 percent. The result is a new savings of \$44 million in state funds with no reduction in services to people who are working their way off of welfare.

At the current rate of caseload decline, the difference between federal welfare funding and actual state costs means an additional \$60 million per year in welfare savings to reinvest in Washington reform efforts.

Welfare Caseload Reduction Yields Savings



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A Better Chance for Working Families

The Governor's 1999-01 supplemental budget plan includes \$60 million to help more families move off public assistance and get ahead. The investment package only requires actions by the Governor, most of which will occur in January. These investments will:

- Help more working families afford childcare.
- Provide new cash incentives to work toward self-reliance.
- Offer parents more opportunities to get job training at two-year colleges.

Helping Working Families

With this third round of WorkFirst reinvestments, the Governor will have put \$131 million a year into expanding job training, childcare, and programs to help people get off welfare and remain employed. These federal caseload savings may only be used for purposes related to welfare reform.

The reinvestments of welfare savings will put more money into the pockets of working parents, helping them to further distance themselves from public assistance.

Under the program:

- **Parents will pay less** toward their state-subsidized childcare costs. The co-payments are adjusted to gradually reflect the full cost of care as a family's income rises. For example a mother of two young children earning about \$2,000 a month will pay about \$200 monthly for childcare, freeing up an extra \$55 for other family needs. A three-person family earning up to \$1,500 a month would pay only \$20 per month for childcare. In addition, families earning up to 225 percent of federal poverty level will get childcare help. Currently, the subsidy stops at 175 percent.
- **The reinvestment initiative** will encourage families to save. It offers a state match of \$2 for every \$1 saved by qualified low-income families.
- **Through these Individual Development Accounts**, up to 400 working families could save up to \$6,000 toward the purchase of a home, education expenses for a parent or child, or to start a business.

Improving the Child-Care Co-payment Will Make Needed Child-Care More Affordable

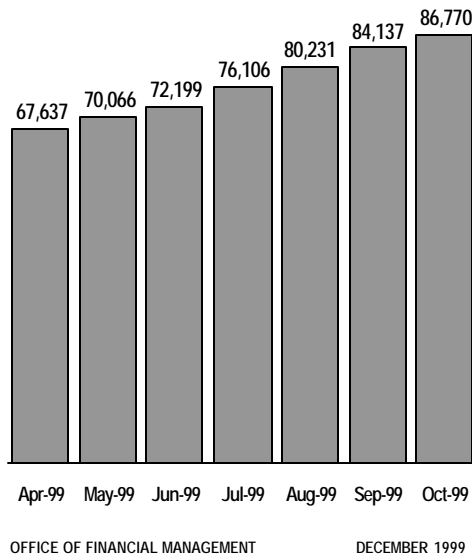
Monthly Income (Family of Three)	Current Child Care Co- payment	Future Child Care Co- payment
\$1157	\$20	\$20
\$1302	\$20	\$20
\$1446	\$34	\$20
\$1591	\$92	\$20
\$1736	\$150	\$84
\$1880	\$207	\$147
\$2025	\$265	\$211
\$2169	\$323	\$274
\$2314	\$381	\$338
\$2459	No Subsidy	\$402
\$2603	No Subsidy	\$465

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- **Families receiving a monthly welfare grant of less than \$100** can get a cash bonus for voluntarily leaving assistance. The average bonus will be \$950.

More WorkFirst Parents Are Working



- **Families are motivated** to work toward self-reliance. Parents who are still on welfare will be able to keep an additional 20 percent of their earnings when they work more than 20 hours per week. Currently, workers keep half of their earned income without affecting their grant. Now, if they work more than halftime, they will keep 70 cents on the dollar along with their assistance grant.

More Support, More Training

Welfare savings are used to market the federal Earned Income Tax Credit (EITC) to qualifying low- to moderate-income families. Surveys showed the number of eligible families filing for the EITC jumped from 40 percent to 67 percent in 1999 – an additional \$29 million in the pockets of filers.

The campaign strategy that increased the use of the EITC will be launched to make sure families who leave welfare are aware of benefits such as food stamps, childcare subsidies, and health insurance.

The Governor also will expand job-preparation services for new mothers. The college-based program called “Families that Work” will serve an additional 700 families per year. This program combines job training, childcare, support services, and parenting instruction. The additional slots will be targeted toward pregnant women and those with infants between three and twelve months of age.

Better Child Care

Other WorkFirst program investments will increase the availability and quality of childcare for families in work or training, and provide more training opportunities and important services to low-income families.

- **An extra \$9 million** will be directed toward creating more options for children during evenings and weekends, including childcare and activities for school-aged children.
- **Creation of more work-study slots** will allow 500 more parents to combine work and job training at state community and technical colleges.
- **An additional \$2 million** will be available to assist WorkFirst clients with obtaining well-paying work, including apprenticeship opportunities, in high-demand industries.
- **Childcare centers and homes** that achieve certification for quality care will qualify for increased childcare subsidy rates.
- **\$4.5 million will be used to expand legal assistance** and family planning services.